

# The National Housing Code

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Simplified Guide to the National Housing Code

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The Policy Context

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**human settlements**

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA

Volume 1

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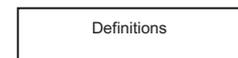


**ACRONYMS**

Accelerated and Shared Growth Initiative – South Africa	ASGI-SA
National Department responsible for Human Settlement	ND
Enhanced People’s Housing Process	EPHP
Expanded Public Works Programme	EPWP
Growth, Employment and Redistribution Strategy	GEAR
Housing Development Agency	HDA
Integrated Development Plans	IDPs
Monitoring, Evaluation and Impact Assessment	MEIA
National Home Builders Registration Council	NHBRC
National Urban Reconstruction and Housing Agency	NURCHA
Non-Governmental Organisation	NGO
People’s Housing Process	PHP
Reconstruction and Development Programme	RDP
Provincial Department responsible for Human Settlement	PD

**LEGEND**

These information boxes contain definitions.



These information boxes contain additional information for further explanation.





## 1 INTRODUCTION TO THE POLICY CONTEXT

Section 26 of the Constitution of the Republic of South Africa, 1996, enshrines the inalienable right to housing, as follows:

“(1) Everyone has the right to have access to adequate housing.

(2) The State must take reasonable legislative and other measures within its available resources, to achieve the progressive realisation of this right”.

Since 1994, there have been numerous policy and statutory developments in order to give effect to the new approach to housing. These include the Reconstruction and Development Programme (RDP) of 1994; the Growth, Employment and Redistribution (GEAR) Strategy of 1996; the Accelerated and Shared Growth Initiative – South Africa (ASGI-SA) of 2005, and the Housing Act, 1997 (Act No. 107 of 1997). The two fundamental documents which give content to the National Department’s mandate are the New Housing Policy and Strategy for South Africa: White Paper, 1994 and the Comprehensive Plan for the Development of Sustainable Human Settlements, 2004.

South Africa’s current housing policy is rooted in the 1994 Housing White Paper. The fundamental policy and development principles introduced by the Housing White Paper remain relevant and guide all developments in respect of housing policy and implementation (See Chapter 2 of Part 2 of the Code, 2009 for an overview of the Housing White Paper.

A comprehensive review of the outcomes of Government’s housing programmes from 1994 to 2004, led to the introduction of the Comprehensive Plan for the Development of Sustainable Human Settlements (2004), a broad policy framework for the medium to longer term, paving the way for significant policy and strategy shifts. These are discussed in Chapters 3 and 4 of Part 2 of the Code, 2009.

Owing to rapid changes in the socio-economic environment policy is continuously evolving.

## **2 AN OVERVIEW OF THE HOUSING WHITE PAPER**

### **2.1 INTRODUCTION TO THE WHITE PAPER**

The White Paper, which was published in December, 1994, contains the fundamental principles of Government's housing policy to achieve the housing vision.

### **2.2 FRAMEWORK FOR THE NATIONAL HOUSING POLICY: A VISION FOR HOUSING IN SOUTH AFRICA**

The housing vision is the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities, as well as to health, educational and social amenities in which all South Africans will, on a progressive basis, have access to:

- a) Permanent residential structures with secure tenure ensuring internal and external privacy and providing adequate protection against the elements; and
- b) Potable water, adequate sanitary facilities and domestic energy supply.

The housing vision is underpinned by principles of sustainability, viability, integration, equality, re-construction, holistic development and good governance. South Africa's housing policy and strategy must contribute to a non-racial, non-sexist, democratic integrated society. The goal is to improve the quality of living of all South Africans with an emphasis on the poor and those who cannot independently satisfy their basic housing needs.

### **2.3 FRAMEWORK OF THE NATIONAL HOUSING POLICY**

The following major pieces of legislation and policy documents are essential for an understanding of Government's approach to housing policy development and implementation:

- The Constitution of the Republic of South Africa Act, 1996
- The Housing Act, 1997 (Act No. 107 of 1997)
- The Public Finance Management Act (Act No. 1 of 1999)
- The Municipal Finance Management Act (Act No. 56 of 2003)
- The Division of Revenue Act (Act No. 7 of 2003)
- The Growth, Employment and Redistribution Strategy (GEAR), 1996
- The Expanded Public Works Program (EPWP)

- The Reconstruction and Development Programme (RDP)
- The Accelerated & Shared Growth Initiative in South Africa (ASGI-SA)
- The White Paper and policy frameworks pertaining to local government and the public service.

This section gives an overview of national policy as contained in the Housing White Paper. However the other abovementioned supplementary policies and legislation also play an important role in informing and supplementing South Africa's Housing Policy.

### **2.3.1 GOVERNMENT'S MANDATE**

Government's human settlement development mandate emanates from the Constitution, 1996. It is therefore Government's duty to work progressively towards ensuring that all South Africans have access to secure tenure, housing, basic services, materials, facilities and infrastructure on a progressive basis. Government will have to apply legislative, administrative, financial, educational and social measures to fulfil its housing obligations.

### **2.3.2 GOVERNMENT'S APPROACH**

In interpreting and implementing the policy and programmes, the fundamental principles as contained in the White Paper on Housing must be borne in mind.

#### **2.3.2.1 POLICY APPROACHES TO THE WHITE PAPER, 1994**

The Housing White Paper, 1994, sets out Government's broad housing policy and strategy on the basis of 7 key strategies. Housing policy has since evolved and implementation has proceeded. The 7 key strategies are:

##### **Stabilising the housing environment**

In order to ensure maximum benefit of state housing expenditure and mobilising private sector investments, this strategy aims to create a stable and effective public environment and to lower the perceived risk in the lower income housing market by ensuring that the rule of law is upheld, thus creating a market place which is conducive to the provision of credit to the low income housing sector.

### **Mobilising housing credit**

The unlocking of private sector housing credit is regarded as a fundamental requirement for ongoing improvement of the housing circumstances of households who qualify for mortgage finance. Linked to the unlocking of private sector credit, is the requirement for savings by households. This strategy seeks to promote saving by the lower income housing sector so that they may contribute towards the improvement of their own housing and, most importantly, that they may establish creditworthiness in order to gain access to housing finance in the future.

### **Providing subsidy assistance**

The Housing Subsidy Scheme assists those who cannot independently satisfy their own basic housing needs. Capital subsidy assistance is granted to low-income households to enable them to access a minimum standard of accommodation. The strategy to provide subsidy assistance has resulted in a variety of National Housing Programmes. The housing subsidy funding is complimented by various other grants available from government departments other than the ND.

### **Supporting the Enhanced People's Housing Process (EPHP)**

The EPHP aims to facilitate the establishment or directly establishing a range of institutional, technical and logistical housing support mechanisms to enable communities to, on a continuous basis, improve their housing circumstances. It involves the establishment of institutions and organisations that support communities who are unable to make any monetary contribution towards their housing needs through savings, or by accessing housing finance. Communities are supported to build their own housing. Once they have built their houses the increased value of their property will enable them to have an asset to leverage finance in the market place.

### **Rationalising institutional capacities**

This strategy envisages the need to create a single transparent housing process and institutional system. The culmination of the strategy is the Housing Act, 1997 which has been in effect since 1 April 1998. The Act establishes a new institutional framework and clearly defines housing roles and responsibilities in the public sector.

Capacity building is a key element for the creation of an enabling environment at national, provincial and municipal spheres within which the regulators and implementers could fulfil their respective roles. This entails the introduction of appropriate legal and policy frameworks, the establishment of an effective and efficient workforce, and the installation of appropriate technology, equipment and systems for monitoring, evaluation and reporting purposes. The National Capacity Building Program aims to ensure that PDs and municipalities have the capacity to carry out their housing functions.

### **Facilitating the speedy release and servicing of land**

To meet the ever growing demand for housing and to achieve Government's goals relating to housing development, land which is appropriate for housing must be speedily released and serviced. Government has therefore introduced measures to simplify and speed up the processes of land identification, release and servicing.

The Development Facilitation Act, 1995 (Act No. 67 of 1995) is the most comprehensive Act promulgated to deal with the issue of land release and servicing. The ND overall approach to land delivery policy is one of promoting adherence to the principles for land development as set out in Section 3 of the Development Facilitation Act, 1995.

The Housing Development Agency (HDA) will facilitate the speedy release of well located land for human settlement in pursuance of Government's goal of social, economic and spatial integration.

### **Coordinating government investment in development**

Human settlement creation requires coordinated and integrated action by a range of players in the public and private sector.

The coordination of state investment in development seeks to maximise the impact of state investment and careful planning, so that investment in one aspect of development supplements another. Furthermore integrated human settlement creation requires public/private partnerships between developer and housing finance institutions and government.

Broadly, coordinated and integrated development is addressed within Government's Growth, Employment and Re-distribution Strategy (GEAR). The Expanded Public Works Programme (EPWP) covers all spheres of government and is aimed primarily at reducing unemployment by providing work and training in areas which are socially useful. The EPWP also provides a logical framework which assigns roles to the various spheres of government and facilitates cooperation between these spheres. The Accelerated & Shared Growth Initiative – South Africa (ASGI-SA) works within the framework of the abovementioned policies and recognises the marked improvement and prospects of further improvement in South Africa's economy. ASGI-SA therefore aims to accelerate growth by investing further in infrastructure development and education and leveraging the first economy in order to develop, and ultimately eliminate, the second economy.

## **2.4 FUNDAMENTAL PRINCIPLES OF HOUSING POLICY DEVELOPMENT AND IMPLEMENTATION**

The Constitution, 1996 is the supreme law of the land and all housing policy must comply with the Bill of Rights. Section 26 of the Constitution states that “everyone has the right to have access to adequate housing” (on a progressive basis).

The policy principles as contained in the White Paper on Housing are fundamental to the achievement of this right.

### **2.4.1 PEOPLE-CENTRED DEVELOPMENT AND PARTNERSHIPS**

Government's human settlement creation policy is primarily facilitative. Through the provision of subsidies and through the creation of appropriate institutional frameworks and support structures, Government seeks to create an enabling environment in which the human settlement process is people-centred and partnerships can thrive. Government alone cannot meet the housing challenge and partnerships are essential to delivering adequate housing in South Africa. It is envisaged that:

- The human settlement process will generate broad based support and involvement on the part of all key players in order to maximise the mobilisation of resources to meet the housing challenge;
- With a human settlement process which is people-centred and enables partnerships to thrive, an environment can be created in which all role players share in the risks associated with human

settlement creation and in the rewards of improved housing opportunities, a more vibrant housing market and the realisation of the housing vision; and

- The human settlement process will be participatory and decentralised allowing effective response to priorities and opportunities at the local level and enabling all role players to contribute their skills, labour, creativity, financial and other resources to the housing process.

#### **2.4.2 SKILLS TRANSFER AND ECONOMIC EMPOWERMENT**

The housing programmes have the potential to contribute greatly to Government's broader goals of social and economic upliftment of communities. Housing policies and strategies must therefore support community participation in the housing process thereby facilitating skills transfer and economic empowerment. This entails a focus on consumer education, as well as development of private institutions that are committed to providing support and training.

#### **2.4.3 FAIRNESS AND EQUITY**

Government's human settlement policy must promote fairness and equity among all South Africans and achieve equal and equitable access to housing opportunities, goods and services. Within the framework of fairness and equity, Government must also acknowledge the existing diversity of our society and respond accordingly. All functional policies and strategies should accommodate the complexities of the upgrading and redevelopment of human settlements in order to create sustainable human living conditions for residents within the context of a broader community. Government policies and subsidy programmes should accommodate the special needs of the youth, the disabled, the aged, single parent families without formal tenure rights, inhabitants of hostels and other persons with special housing needs. This must occur within a framework that gives appropriate attention to these needs in both urban and rural contexts.

#### **2.4.4 CHOICE**

The right of the individual to freedom of choice in the process of satisfying his or her own housing needs is recognised. At the same time, it is recognised that people should be able to access and leverage resources on a collective basis. Government should promote both the right of the

individual to choose and encourage collective efforts by people to improve their housing circumstances.

#### **2.4.5 TRANSPARENCY, ACCOUNTABILITY AND MONITORING**

Transparency is key to guard against inequitable systems, in which some segments of the population benefit more than others. Coupled with transparency, systems that monitor our progress and ensure accountability are equally important.

It is imperative that the housing sector is led and supported by a single national policy and administration which is accountable in a tangible, measurable manner, to achieve broad-based targets, which are properly quantified through the applicable governmental structures at central, provincial and local sphere. It must facilitate coordination between various sectors so as to minimise conflict over demands on scarce resources and create an environment in which all role players meet their respective obligations.

#### **2.4.6 SUSTAINABILITY AND FISCAL AFFORDABILITY**

The human settlement creation process must be economically, fiscally, socially, financially and politically sustainable in the long term. This implies balancing end-user affordability, the standard of housing, the number of housing units required, and the fiscal allocations to human settlement creation. A policy which attracts non-government investment and which promotes a vibrant and competitive housing market is essential to sustain the human settlement creation process. The policy must also deal sensitively and responsibly with the impact of human settlement development upon the environment.

### **3 A NEW FOCUS: FROM THE PROVISION OF HOUSING TO THE ESTABLISHMENT OF SUSTAINABLE HUMAN SETTLEMENTS**

Based on experiences gained through the implementation of the 1994 Housing White Paper, it became clear to Government that there was a need to integrate the existing policy framework and concomitant programmes with the significant policy shift from the provision of housing only to the establishment of sustainable human settlements. To give effect to the above, the Comprehensive Plan for the Development of Sustainable Human Settlements was approved by Cabinet in 2004. The Comprehensive Plan has been vigorously implemented and a number of policy, legal and institutional amendments have ensued.

## **4 AN OVERVIEW OF THE COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS**

### **4.1 INTRODUCTION AND BACKGROUND**

#### **4.1.1 BACKGROUND**

The Comprehensive Plan was approved in September 2004 as a framework for the development of sustainable human settlements over the next decade. The Comprehensive Plan is Government's medium term housing programme. It is based on the principles contained in the 1994 White Paper, such as providing citizens with a permanent residential structure with secure tenure, potable water, adequate sanitation facilities, and domestic energy supply, and outlines the strategies to achieve the Government's overall housing aim. The goal is to address the housing needs of the people, within the context of the broader socio-economic needs, resulting in sustainable human settlements.

The Comprehensive Plan is supplemented by seven business plans:

- Stimulating the Residential Property Market;
- Spatial Restructuring and Sustainable Human Settlements;
- Social (Medium-Density) Housing Programme;
- Informal Settlement Upgrading Programme;
- Institutional Reform and Capacity Building;
- Housing Subsidy Funding System Reforms; and
- Housing and Job Creation.

#### **4.1.2 WHY DO WE NEED CHANGE?**

The Housing White Paper, 1994 focused on stabilising the environment and transforming the racially based financial and institutional framework (inherited from the previous Government), while at the same time establishing new strategies to address the housing backlog.

Since 1994, however, important socio-economic, demographic and policy shifts have occurred which necessitated the introduction of new, innovative and needs-oriented strategies to achieve the creation of sustainable human settlements. These strategies are based on Government's broader developmental goals, which are:

- Creating quality living environments;
- Broadening tenure options;
- Building an integrated, non-racial society;
- Unblocking delivery constraints;
- Building capacity; and
- Rooting out corruption<sup>1</sup>.

#### **4.1.2.1 HOUSING DEMAND**

The demand for Government assisted housing in South Africa has changed significantly in the past five years. This is due to:

- Population growth;
- Particularly large increase in the number of households;
- Continuing high rates of urbanisation; and
- Continuing high unemployment.

#### **4.1.2.2 HOUSING SUPPLY**

From the inception of the National Housing Programmes in 1994 more 2.2 million houses were delivered. Housing development is still challenged by the following:

- The lack of affordable, well-located land for low cost housing has resulted in the housing programmes largely extending existing areas that had been developed for low-income housing in the past, often located at the urban margins and with weak prospects of integration. These extensions to existing low-income settlements have generally lacked amenities necessary for a decent quality of life, mainly because of the lack of funding and poor alignment of budgets;
- National policy and provincial funding allocations have not always been able to effectively respond to the changing nature of demand caused by rapid urbanisation;

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<sup>1</sup> The Presidency. 2004. State of the Nation Address by President Thabo Mbeki. February

- The number of subsidies required is expected to increase, resulting in an additional burden on the national fiscus;
- The lack of institutional and sector capacity to deliver housing; and
- The inability of beneficiaries of housing subsidies to afford municipal services and taxes, creating the view by municipalities that such housing projects are liabilities.

#### 4.1.2.3 CHALLENGES IN DELIVERY

Housing delivery has been constrained by:

- The withdrawal of large construction groups from the low-cost market due to a variety of reasons. Capacity gaps in the low-cost housing sector in respect of construction, project management, financial management and subsidy administration further constrain delivery;
- The slow and complex process of identification, acquisition and release of land in terms of the revised procurement framework;
- Differences in interpretation and application of the policy, for example, the difference of opinion on issues such as beneficiary contributions; and
- Capacity constraints in the implementation of programmes, in the use of new planning principles, in acquiring affordable land and in sustaining a dedicated group of officials. These constraints exist in all spheres of government but are especially prevalent in municipalities.

**Capacity:** The ability to perform or produce.

## 4.2 NEW HOUSING VISION AND THE OBJECTIVES OF GOVERNMENT

The Comprehensive Plan, with its emphasis on sustainable human settlements, reinforces the vision of the ND, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing.

Within this broader vision, the ND is committed to meeting the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;

- Utilising the provision of housing as a major job creation strategy;
- Ensuring that land and housing can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving the quality of life for the poor;
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy's property slump; and
- Using housing delivery as an instrument for the development of sustainable human settlements, in support of spatial restructuring.

The strategies and mechanisms that have been put in place in order to achieve these objectives are discussed in greater detail in the remainder of this document.

#### **4.3 COMPREHENSIVE PLAN FOR THE CREATION OF SUSTAINABLE HUMAN SETTLEMENTS: STRATEGIES AND MECHANISMS TO ACHIEVE THE OBJECTIVES OF GOVERNMENT**

The following nine strategies are currently being implemented and are discussed in more detail in the following sections:

- Supporting the entire residential housing market;
- Moving from housing to sustainable human settlements;
- Applying existing housing instruments;
- Adjusting institutional arrangements within government;
- Building institutions and capacity;
- Enhancing financial arrangements;
- Creating jobs and providing housing;
- Building awareness and enhancing information communication; and
- Implementing systems for monitoring and evaluation.

## 4.3.1 SUPPORTING THE ENTIRE RESIDENTIAL HOUSING MARKET

### 4.3.1.1 COVERING THE ENTIRE RESIDENTIAL HOUSING MARKET

The Government's human settlement programme will be extended to cover both the primary and secondary residential property markets. A new subsidy programme has been introduced to assist medium-income households, earning between R3 501 and R7 000 per month, to access housing credit. As a result, more South Africans will gain access to the State housing financial assistance programmes. In addition, the focus of the programmes shift to a more community or area needs approach, which departs from the previous individual housing subsidy beneficiary focus.

### 4.3.1.2 PROVIDING INDIVIDUAL HOUSING SOLUTIONS

Housing delivery has until recently consisted largely of individual ownership detached houses on individual stands, often situated in distant locations with limited social and economic infrastructure.

Social and economic infrastructure: The basic facilities for social or economic activities. Social infrastructure would include parks, community halls etc. Economic infrastructure would include trading spaces, taxi facilities etc.

The Comprehensive Plan envisages a departure from this individual ownership only option towards a more holistic approach based on actual needs. Provision is now being made for higher density rental tenure based options, it accommodate the middle income households and will provide access to business and community amenity space and facilities.

### 4.3.1.3 INCREASING PRIVATE SECTOR PARTICIPATION

One of the aims of the Comprehensive Plan is to improve the partnership between Government and the private sector. The new Housing Subsidy Scheme structure which provides for a range of contracting strategies to accommodate local development requirements create new opportunities for private sector participation in the housing delivery process.

To this end the following strategies have been developed and actions taken:

- The Housing Subsidy Scheme has been enhanced to accommodate local development circumstances;
- Access to housing finance has been improved (see 4.3.1.4. below);

- Project management support has been enhanced by:
  - The provision of operational capital;
  - The outsourcing of planning, engineering, project management and social facilitation to ensure delivery in the short term (which will depend on the capacity across government and will not be the same everywhere); and
  - The transfer of skills and training by private sector teams to public sector employees who will increasingly have to take on the responsibilities for ensuing delivery; and
- The envisaged employer-assisted housing scheme has been developed.

#### **4.3.1.4 PROVIDING HOUSING FINANCE**

Access to housing finance is vital to the development of the primary and secondary housing markets. The Comprehensive Plan's strategies envisage the following initiatives to assist lenders to meet their Financial Sector Charter commitments:

- **Funding for Social Housing:** A new National Housing Programme has been introduced to provide funding to social housing institutions for capacity building, operationalising the institutions and capital for developing housing stock;
- **Loss limit insurance:** Government intends to investigate the introduction of a risk sharing mechanism with financial institutions to limit the lender's exposure to loss in the event of default;
- **Fixed interest rates:** The Department will work with the financial sector to investigate and formulate solutions to address the negative effects of unstable interest rates on mortgage lending;
- **New product development:** A significant number of the population do not have formal employment and levels of income necessary to access medium to long term mortgage loans. Alternatives linked to savings or insurance products, which generate cash endowments are to be developed together with the Financial Sector; and

- The monitoring of lending trends of financial institutions through the Office of Disclosure established in terms of the Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000), will provide the basis for further interventions if required.

#### 4.3.1.5 CREATING LINKS BETWEEN THE PRIMARY AND SECONDARY RESIDENTIAL PROPERTY MARKETS

One of the focus areas of the Comprehensive Plan is to ensure the development of a single well-functioning residential property market that links the current primary and secondary markets. This is to be achieved through the following:

The National Spatial Development Perspective provides guidelines for infrastructure investment and development spending. The Draft National Urban Strategy is a vision for South Africa where towns and cities will be spatially and socially inclusive, well-designed and environmentally friendly.

##### **Supporting individual housing demand**

The success of growing a secondary housing market is dependent upon people's access to funds to acquire property. The National Department has introduced an Individual Non-Credit Linked Subsidy which will only be available to purchase existing improved residential properties.

##### **Removing the barriers to housing trade**

Section 10A of the Housing Act, 1997 (Act No. 107 of 1997) restricts the sale of government-subsidised properties for a period of eight years. An amendment to decrease this period to five years is envisaged to further enhance the growth of the secondary housing market and to provide a more equitable dispensation regarding the on-selling of houses, especially in cases where beneficiaries are required to relocate due to employment arrangements.

##### **Strengthening the role of municipalities**

Many municipalities do not currently have sufficient capacity to fulfil their housing functions. As their capacity improves, municipalities will be expected to play a greater role in the creation of sustainable human settlements, based on approved Integrated Development Plans (IDPs) developed in conjunction with the community they serve.

### Access to title

In order to transfer the balance of free-standing public owned rental housing stock to the beneficiaries, a renewed application of the Enhanced Extended Discount Benefit Scheme is required.

## 4.3.2 FROM HOUSING TO SUSTAINABLE HUMAN SETTLEMENTS

In the report entitled “*Towards a 10 year Review*”, prepared by the Presidency, poverty is said to have three dimensions: income, human capital (services and opportunity) and assets.

Housing can alleviate asset poverty, by providing a fixed capital asset to the poor which will enable them to leverage finance.

In order to achieve the goal of integrated, sustainable human settlements the following policy strategies and programmes have been introduced:

**Sustainable human settlements:** Well-managed entities in which economic growth and social development are in balance with the carrying capacity of the natural systems on which they depend for their existence and result in sustainable development, wealth creation, poverty alleviation and equity.

### 4.3.2.1 UPGRADING OF INFORMAL SETTLEMENTS

In order to be able to meet the UN Millennium Goals and in support to the upgrading of informal settlements a new tailor-made programme was introduced in 2004. It provides (*in situ*) upgrading of informal settlements, utilise existing land and infrastructure, and will facilitate community participation in the redevelopment. It also provides for the resettlement of communities in the event that *in situ* upgrading is not desirable or feasible.

### 4.3.2.2 ENHANCING THE RANGE OF HOUSING TYPOLOGIES

One of the Government’s aims is to integrate previously excluded groups into city life and its benefits. The Comprehensive Plan includes the following initiatives to achieve this:

- **Densification policy:** Suitable policy changes are needed to allow densification of areas, including planning guidelines, property taxation interventions, zoning, subdivision strategies and consolidation schemes;
- **Inclusionary housing:** The Government may introduce a policy, backed by legislation to regulate the development of

**Density:** The number of people living in a given area  
**Densification:** The process of making the area denser.

residential areas to ensure the establishment of integrated human settlements; and

- **Fiscal incentives:** The Department, together with the National Treasury, will investigate the possibility of incentives to promote densification and disincentives to discourage urban sprawl.

**Fiscal:** Describing government expenditure or finances.

#### 4.3.2.3 IMPROVING SPATIAL PLANNING

Improved coordination and alignment are required between the different planning instruments and economic policies. There is a need to develop a single planning authority and/or instrument in order to provide macro level guidance on the development of sustainable human settlements.

#### 4.3.2.4 IMPROVING THE LOCATION OF NEW HOUSING PROJECTS

To achieve spatial restructuring, there should be greater intervention in land markets. The Comprehensive Plan proposes the following:

- Accessing well-located state-owned and parastatal land: This strategy is to release well-located public land for housing development;
- Acquisition of well-located private land for housing development: A plan will be developed together with the Department of Rural Development and Land Reform to finance and guide the acquisition of private land for housing. Private land will only be acquired where there is no appropriate state-owned land;
- Funding for land acquisition: Funding for the acquisition of land will no longer be a part of the housing subsidy, but will be funded separately; and
- Fiscal incentives: The ND, together with the National Treasury, will consider fiscal incentives (and disincentives) to promote the development of well-located land for housing purposes.

**Parastatal:** A company which is owned entirely or partly by Government, eg. Telkom or Eskom.

#### 4.3.2.5 RENEWING INNER CITY AREAS

Housing plays a vital role in the renewal of decaying urban areas. Increasingly, inner-city renewal has focused on commercial and

high-income property development, which excludes low-income households. Hence the Comprehensive Plan:

- Encourages social (medium-density) housing: Social housing may be used to upgrade and rehabilitate existing residential buildings and convert office and other buildings for housing use as part of urban renewal initiatives; and
- Proposes to increase effective demand: With the financed linked subsidy system for medium-income earners, there will be a greater demand for existing, well-located (urban) property:
- The changes to the Individual Housing Subsidy Programme will also enable beneficiaries to participate in the secondary housing market in inner-city areas; and
- The merging of the three subsidy income categories and standardisation of the subsidy amount have increased access to housing assistance and created more opportunities to households in the income groups above R1 500,00 per month to access credit and buy properties.

#### **4.3.2.6 DEVELOPING SOCIAL AND ECONOMIC INFRASTRUCTURE**

The Comprehensive Plan highlights the importance of establishing sustainable human settlements which provide more than just housing and also caters for a range of social and economic opportunities. Hence, the plan proposes:

- A new Programme to fund the development of primary social and community facilities and basic economic infrastructure. In areas where other funding is not available the Programme provides funds to municipalities for the development of community halls, parks, sports grounds, informal trading areas and taxi ranks; and
- That municipalities will be responsible for the maintenance of the facilities so created.

#### **4.3.2.7 IMPROVING HOUSING AMENITY**

Settlements need to be designed appropriately to ensure improved availability. This will be done through:

- Enhancing settlement design through the inclusion of professionals in the planning and design stages to ensure sustainable and environmentally efficient settlements;
- Enhancing housing design: In rural areas, there is a need to increase the effectiveness of the housing interventions and incorporate traditional technologies and indigenous knowledge, while in urban areas a new housing typology has replaced the previous stereotype of “RDP” houses; and
- Addressing housing quality through programmes to rectify the poor quality of houses built before the introduction of National Norms and Standards and the NHBRC Warranty Scheme.

### **4.3.3 EXISTING HOUSING INSTRUMENTS**

#### **4.3.3.1 THE INFORMAL SETTLEMENT UPGRADING INSTRUMENT**

A more responsive State housing delivery programme will assist in ensuring the progressive *in situ* upgrading of informal settlements. The upgrading process will follow an *in situ* approach.

The programme caters for local development circumstances. Upgrading projects will be implemented through a partnership between National and Provincial Governments and Municipalities. The programme will require the support of the Departments of Home Affairs, Basic Education, Public Works, Cooperative Governance and Traditional Affairs, Water and Environmental Affairs, and Health.

#### **4.3.3.2 ENHANCED PEOPLE’S HOUSING PROCESS (EPHP)**

A redirection of the PHP: The EPHP provides beneficiaries with a greater choice on how to use their subsidies. The EPHP introduces:

- A redefinition of the nature, focus and content of PHP to achieve better agreement, understanding of the roles and responsibilities and other elements of the programme;
- A new funding mechanism for EPHP; and
- New and improved institutional support arrangements.

#### **4.3.3.3 STRENGTHENING THE SOCIAL HOUSING INSTRUMENT**

The new Social Housing Programme focuses on the need to deliver housing with an emphasis on flexibility and to accommodate mobility of community members. The Programme includes the following:

- **Redefining the concept of Social (Medium-Density) Housing:** It is essential that social housing typologies be conceptualised broadly to ensure the inclusion of all income groups. Social housing must be understood to accommodate a range of housing product designs to meet spatial and affordability requirements. Social housing products may accordingly include multi-level flats or apartments for higher income groups (incorporating beneficiary mixes to support the principle of integration and cross-subsidisation); cooperative group housing; transitional housing for destitute households; communal housing with a combination of family and single room accommodation with shared facilities; and community residential units;
- **A new funding mechanism for social housing:** A new funding mechanism has been developed where each project will be designed and costed separately around the actual needs;
- **Building institutional capacity within the social housing sector:** Some social housing institutions will have to be enhanced and further capacitated to deliver and manage the housing stock. To achieve this a Social Housing Regulatory Authority is being established to administer accreditation processes and to undertake monitoring of the development progress of social housing institutions that wish to apply for capital grants.

#### **4.3.3.4 ENHANCING THE RURAL HOUSING PROGRAMMES**

There is a need to address the urban bias caused by the existing housing programmes. The Comprehensive Plan aims at:

- **Developing a Rural Housing Programme that deals with a range of rural development issues such as tenure security and the roles of local administration and governing authorities;**

- Improving the traditional technologies and indigenous knowledge related to housing delivery and construction; and
- Developing appropriate funding mechanisms.

The holistic approach will cater for areas where households only enjoy functional tenure security and housing provision for farm residents.

#### **4.3.4 ADJUSTING INSTITUTIONAL ARRANGEMENTS WITHIN GOVERNMENT**

##### **4.3.4.1 BUILDING CAPACITY AND EXPANDING THE ROLE OF MUNICIPALITIES**

Building municipal capacity will equip municipalities to assume responsibility for housing development in their areas of jurisdiction. The Comprehensive Plan includes the following strategies:

- The accreditation of municipalities: In order to be accredited, municipalities have to demonstrate their capacity to plan, implement, and maintain both projects and programmes. Municipalities will be required to:
  - Establish housing units with enough staff to carry out project requirements;
  - Establish cross-sectoral Sustainable Human Settlements Planning Committees;
  - Submit complete inventories of land owned by municipalities, including land suitable for low-cost housing; and
  - Submit a council resolution indicating the willingness of the municipality to meet the Department's anti-corruption, monitoring and reporting requirements.
- Building municipal capacity: There is a need to develop a programme for capacity building in the housing sector; and
- Housing and municipal IDPs: The development of Housing Chapters of IDPs is advocated to ensure that housing needs assessments, as well as the identification, surveying and prioritisation of informal settlements, are included in each IDP. Government will provide assistance to municipalities to achieve the realisation of Housing Chapters in their IDPs.

#### **4.3.4.2 TRANSFORMING NATIONAL AND PROVINCIAL INSTITUTIONS**

As institutional capacity improves, particularly at municipal sphere, the Comprehensive Plan envisages that the roles of the ND and PDs will increasingly change to policy formulation, monitoring and facilitation. In addition, a review of national housing institutions will be undertaken to improve efficiency and create a better relationship between the institutions, their clients and communities.

#### **4.3.4.3 STRENGTHENING INTER AND INTRA-GOVERNMENTAL COORDINATION**

The Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) establishes the framework for the three spheres of government to promote and facilitate intergovernmental relations and provides mechanisms and procedures to facilitate the settlement of intergovernmental disputes. The Comprehensive Plan represents the new policy dispensation which requires greater participation between the spheres of Government to deliver on housing needs. The Multi-Year Housing Development Planning Strategic Framework will achieve this through:

- Integrated development and budget planning: IDP instruments, Provincial Housing Development Plans and the National Housing Development Plan must be combined and simplified;
- Intergovernmental coordination: There is a need for increased cooperation and information sharing between the ND, PDs and Municipalities; and
- Bilateral cooperation: There needs to be increased cooperation between the National Department, the Social Cluster partner departments and the other entities of Government.

In order to improve inter and intra-governmental coordination, the National Department aims to streamline and align various complementary budget and development planning processes.

#### **4.3.5 BUILDING INSTITUTIONS AND CAPACITY**

The Comprehensive Plan does not only focus on education and training, but also focuses on issues within organisations such as institutional

support, systems and procedures, training and adequate resourcing. The Comprehensive Plan recommends capacity building for the following institutions:

- Municipalities: Initially focusing on metropolitan municipalities;
- Social Housing Institutions: A new establishment grant scheme will provide support through the Social Housing Regulatory Authority;
- PHP Institutions: The existing framework for institutional support for PHP will be revised;
- Financial Institutions: This strategy includes a consumer education and support campaign to improve financial literacy of low-income earners; and
- Communities: Government needs to respond to the capacity building needs of communities to ensure that they can constructively engage in all aspects of their redevelopment.

#### **4.3.6 ENHANCING FINANCIAL ARRANGEMENTS**

The following changes will be made to the present Housing Subsidy Scheme:

##### **4.3.6.1 RESTRUCTURING THE SUBSIDY INSTRUMENT**

The existing subsidy system has already been amended in the following manner:

- Merging of subsidy bands: The previous three subsidy bands have been merged to provide a uniform subsidy amount;
- Extending the subsidy limit: The subsidy scheme has been extended to households earning between R3 501 and R7 000; and
- Inflation linking the subsidy: The subsidy amounts are annually adjusted to ensure that products conforming to the National Norms and Standards can be delivered.

##### **4.3.6.2 ADJUSTING BENEFICIARY CONTRIBUTIONS AND CRITERIA**

The following applies:

- Beneficiary contributions: The current subsidy scheme provisions were adjusted to the effect that persons earning

below R1 500, the disabled, health stricken and the aged are not compelled to pay the financial contribution; and

- Adjusting beneficiary criteria: The qualification criteria for subsidies have been made more flexible for people with diverse needs, such as in respect of social housing, persons with emergency housing needs, and households living in informal settlements, etc.

#### 4.3.6.3 IMPROVING THE FLOW OF FUNDING

The Comprehensive Plan focuses on the following elements:

- Accredited municipalities: As funding will flow directly from the National Government to accredited municipalities, transactions costs will be saved;
- Operational costs: Accredited municipalities receive operational funding support from the ND for the administration of the housing programmes and the envisaged municipal housing units;
- Enhancing cash flow management: The ND has developed an Enhanced Progress Payment System which reviews existing payment cycles to private developers; and
- Bridging finance: The ND will collaborate with NURCHA and private financial institutions to develop mechanisms for enhanced provision of bridging finance access for emerging contractors.

The National Urban Reconstruction and Housing Agency (NURCHA) was formed in 1995 to help low-income families access housing finance.

#### 4.3.6.4 ERADICATING FRAUD, CORRUPTION AND MALADMINISTRATION

The ND has implemented the following measures to curb corruption:

- The establishment of a Special Investigative Unit to deal with fraud, corruption and maladministration; and
- The establishment of a toll-free whistle blowing hotline.

The ND will also strengthen the legislative framework relating to corruption.

### 4.3.7 CREATING JOBS AND PROVIDING HOUSING

The Comprehensive Plan includes the following strategies directed at employment creation:

- Job Creation Strategy through the installation of infrastructure, building of houses and social/economic infrastructure, and the management and maintenance of housing stock;
- The Expanded Public Works Programme, led by the Department of Public Works involves all Government Departments. The Programme targets unemployed and unskilled people, and provides them with employment and skills training whilst working on Government projects;
- Labour-intensive construction methods will be used in the provision of housing;
- An assessment will be done to identify work activities which could be made more labour-intensive;
- Employment opportunities created through the on-site production of building materials; and
- Capacity-building to implement and manage labour-intensive housing programmes. There is also a focus on training of local contractors.

**Labour-intensive:** Using more people than machinery in construction to create more jobs.

### 4.3.8 BUILDING AWARENESS AND ENHANCING COMMUNICATION

The awareness, information and communication processes will be expanded to focus on the broader residential market and emphasise community mobilisation. Within this context, the following strategies will be implemented:

#### 4.3.8.1 IMPROVING MARKET INFORMATION AND TRANSACTIONAL SUPPORT

Lower income earners largely do not have access to property market information and transactional support. To address this, the Comprehensive Plan envisages strategies that focus on:

- Estate agents and property brokers: The ND will encourage the participation of estate agents and property brokers in low income communities; and
- Municipalities: The ND, together with local municipalities and local private sector bodies, will establish housing information

centres. These centres will offer housing availability and subsidy information, application facilities, and housing consumer protection resources.

#### **4.3.8.2 MOBILISING COMMUNITIES**

It is important that communities and the beneficiaries of government housing programmes are mobilised to assist the ND in implementing the Comprehensive Plan. Processes that will be implemented include:

- A communication strategy: A comprehensive mobilisation and communication strategy will be developed to clarify the intentions of the policy and to raise awareness on the implications of the policy; and
- A “Letsema” campaign: A “Letsema” campaign will be launched to encourage communities to work together to improve each other’s lives.

#### **4.3.8.3 STRENGTHENING THE PEOPLE’S CONTRACT**

Communities and community-based organisations should be mobilised to engage more effectively with the housing programmes. In order to bring government housing programmes closer to the community, community development workers have been appointed. Their functions include the following: to create awareness, provide consumer education, undertake assessments and surveys, handle complaints, and to provide after hour support to communities. This is done in consultation and collaboration with PDs, Municipalities and ward committees.

#### **4.3.9 IMPLEMENTING SYSTEMS FOR MONITORING AND EVALUATION**

The ND has introduced the following interventions to enhance data collection, management information, monitoring and evaluation and performance management:

- The monitoring of housing subsidy and expenditure data: A strategy has been developed to improve data input and interpretation; and
- Performance management: A comprehensive housing sector monitoring, information and reporting system based on key performance indicators, has been developed; and

- **Monitoring, Evaluation and Impact Assessment Policy (MEIA):** This sets the basis for the development and implementation of the system within the ND. The purpose of this policy is:
  - To outline the broad activities to be carried out in relation to the development and implementation of the MEIA system; and
  - To outline the administrative arrangements to support the implementation of such a system.

## **5 CONCLUSION**

Building progressively on the Constitution, 1996 and the 1994 Housing White Paper, the Comprehensive Plan provides the enabling environment for the coordinated implementation of the South Africa's core human settlement creation objectives by the three spheres of Government, civil society and the private sector. The tailor made government programmes, found in Part Three of the National Housing Code 2009, are the next building blocks in the provision of sustainable human settlements.